

[28th July 1952]

[Note.—An asterisk (*) at the commencement of a speech indicates revision by the Member.]

II.—VOTING ON DEMANDS FOR GRANTS FOR THE YEAR 1952-53—*cont.*

(1) DEMAND VII—GENERAL SALES TAX AND OTHER TAXES AND DUTIES—*cont.*

MR. SPEAKER:—“ I reduce the time-limit for hon. Members who want to speak on this Demand. I fix five minutes for each speaker as the number of speakers is very large.”

JANAB K. M. SEETHI:—“ Mr. Speaker, Sir, in the course of the discussion on this Demand, I wish to bring to the notice of the Government certain hardships experienced by the public, as a result of the present administration of the Sales Tax Department, particularly by that class of persons who are troubled in the matter of collections. As far as the equity and the desirability of having the sale tax in the State are concerned, even the Mover of the Cut Motion has conceded that sales tax has come to stay and that there is no point in protesting against the continuance of the tax. As a matter of fact, he could not help making that remark because no civilized country in the world has banned this tax. Even a State like Soviet Russia has got a system of sales tax which gives a very huge revenue and constitutes almost the main source of revenue for that State. But in its administration, our State has got a duty to perform and that is to remove the hardships experienced by the public as a result of it.

“ As far as the fish curers and fish merchants of Malabar are concerned, the operation of the Sales Tax Act has given rise to very great hardships. The fish curers in the Malabar district are in the position of producers of foodstuffs, and fish, as the Government know, is a very valuable foodstuff. Therefore, the fish curers and fish salesmen have to be given utmost protection in their dealings. Now the Government have fixed a sort of flat rate for the purpose of fixing the liability of the fish curers and certain varieties of fish are priced in such a way as to have no regard for the fluctuations in the market, especially the fall in the prices of fish in the present market. Invariably, sales tax is collected from the fish curers at certain scheduled rates laid down by the Government. This is causing great hardship and on days when the fish curers and the fish dealers get very poor prices for the stuff, they still have to pay sales tax on the basis of the scheduled rates laid down by the Government. The Fish Curers' Association and the representatives of fish dealers have made certain representations to the Government on this matter and it is my request to the Government that they should give sympathetic consideration to these representations and give some relief to these people.

“ With regard to petty dealers and merchants, representations have been made to the Government that the minimum limit for taxation should be raised from ten thousand rupees to twenty thousand rupees or at least those merchants who are now taxed for

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income between ten and twenty thousands should be given relief by way of a reduction in the tax. Sir, when the Act was passed in the year 1939, the prices of goods were much lower than what they are now and by the present rise in prices, even the very petty merchant is brought within the ambit of the Sales Tax Act. The shooting up of prices and the extraordinary rise now experienced, when the lower assessment limit still is ten thousand rupees, should be given some consideration so that the small traders may have some relief. The limit must be raised to twenty thousand rupees and if that is found impossible by the Government, at least some concession should be given by the Government to persons whose turnover is between ten and twenty thousand rupees. These are matters which the Government should sympathetically consider in order to give relief to the small merchants.

"I see that there is a good deal of discontent among the merchants as regards the *modus operandi* of the sales tax administration in the mufassal. The Sales Tax officers play ducks and drakes with the merchants and take all kinds of liberties with them. They freely enter the shops, take possession of the account books and walk away with them without any regard for the liberty or the freedom of the merchants which they are expected to enjoy. Such harassment should be stopped without any delay. Strict instructions should be given to the Sales Tax authorities that they should proceed according to rules and that they should not have unlicensed liberty to deal with the merchants in any manner they like. The merchants should be summoned to the office in the usual course and treated with courtesy and regard. These are matters where courtesy and consideration shown to merchants will not in any way put the Sales Tax Department to any loss. Well, the department stands to gain by courteous and polite behaviour on the part of its staff.

"I would once again request the Government to bear in mind the few facts I have brought to their notice and to see that matters are set right early."

* SRI M. CHINNATHAMBI THEVAR:—"Mr. Speaker, Sir, 11-40
I rise to support the Demand with great pleasure. In doing so, a.m.
I want to say something about sales tax and other taxes that come under this Demand and also about the method of collection and other connected matters. As stated by the Hon. Minister, this Demand deals with all kinds of electricity accounts and other taxes, namely, sales tax, entertainments tax, betting tax, etc. Of these, sales tax is the most important one. It is a familiar tax in our State, and one that is being vehemently opposed by some sections of the people.

"The introduction of sales tax synchronized with the introduction of Prohibition and as such some sort of relation exists between this tax and Prohibition. Sales tax came into existence to fill the void that was created in the revenues of the State by the introduction of Prohibition. Hence, this tax has got all the good and bad points of Prohibition. Just as the Prohibition policy

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is being attacked by persons who have no concern or connection with those who are affected by the drink habit, so also this sales tax is criticised by persons who do not pay even a single pie as sales tax. In spite of the protests and in spite of continued propaganda that is carried on against Prohibition—thanks to the better judgment of the legislators and the firm resolve of the Hon. the Chief Minister in enforcing it—it has come to stay in our midst. So also sales tax, which is vociferously opposed by many sections of the people, has become a permanent tax. It has become an indispensable tax. It has also become a tax that brings a good income to our State, about a third of the revenue of this State. It would be suicidal if the Government were to take any steps to abolish this tax. On the other hand, Government might well take a bold step and abolish all other taxes and retain this sales tax with higher rates. I want that there should be only one tax in this country and that tax should affect all persons irrespective of the fact whether they are rich or poor. Sales tax is of this kind.

“It was said by an hon. Member that this tax was a monster. I say it is not at all a monster in the case of honest traders. It is certainly a monster in the case of dishonest traders who in the act of cheating the Government and the innocent people see a monster in the Act. I say our State owes a debt of gratitude to the Hon. the Chief Minister who introduced this tax which is being hailed as ‘Kamadhenu’ or ‘Kalpaka Vriksham’ by Hon. Ministers.

“I want to say a few words about the difficulties experienced by people in the administration of the Act. This tax can be collected easily and without any fuss and without recourse to the cumbersome procedure adopted by the Revenue Department for collection of land revenue. The methods adopted by the officers in charge of the Commercial Tax Department have made this an oppressive tax. Nowadays people have lost their fear for the policemen but they are terribly afraid of these Commercial Tax Officers. At the very sight of these officers, the traders disappear mysteriously with the result that these officers now travel *inognito*.”

MR. SPEAKER:—“The hon. Member's time is over. The hon. Member, Mr. Madanagopal, will now speak.”

* SRI V. MADANAGOPAL :—“கனம் சபாநாயகர் அவர்களே. இந்த மாண்புமிகுத் துறைக்கு நான் கொண்டு வரப்பட்ட வெந்நீர் பரிசேனையை நான் ஆதரிக்கிறேன். இன்றைக்கு நம் மாகாணத்தில் இருக்கக்கூடிய விற்பனை வரியானது வேறு எந்த நாட்டிலும் இல்லாத கொடுமை நிறைந்த ஒரு மறை முகமான வரியாக இருக்கிறது. பொதுவாக வீட்டிற்கு வரக்கூடிய ஒரு விற்பனையாக விலை கலந்து வரக்கொண்டு துபேஸ் இருக்கிறது. இது சாதாரணமாக ரூபாய்க்க காலண வர் என்ற சொல்லுடன் இருந்து அந்த விலை காலணவிலிருந்து இரண்டாண்டு வரைக்கும் வசூலிக்கப்பட்டு வருகிறது. இப்பொழுது வேர்சடலையை எடுத்துக்கொண்டால் விவசாயிகளிடமிருந்து வேர்க்கடலையை வாங்குவதிலிருந்து சென்னை அன்னைபுரத்தில் வந்து போண்டாவாக வருவதற்கு வரக்கூடிய பல இடங்களில் இங்கு வரி வசூலிக்கப்படுகிறது. இந்தமாதிரி பல இடங்களில் வரி போடப்படுவதால், சாதாரணமாக பொது ஜனங்களை பாதிக்கக்கூடிய முறையில் இருப்பதால், இந்த முறையை மாற்றிவிட்டு விற்பனைவரியை ஒரே இடத்தில் வசூலிக்கும்படியான ஒரு

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முறையைக்கொண்டு வரவேண்டும். அப்படிக்கொண்டுவருவதனால் பொருளாதா ததில் சர்க்காருக்கு நஷ்டம் ஏற்படும் என்று தோன்றினால் அதற்கு வேறு முறைகளைக் கையாடலாம். அவ்விதம் நட்படம் ஏற்படுவதை வேறு ஆடம்பர வாழ்க்கைக்காக வாங்கப்படும் பொருள்களுக்கு அதிகப்படியான வரியை வசூலிக்கலாம். அதாவது Pleasure car, லைம், தங்கம், சென்னி, Wrist watch, பட்டு, ரேடியோ, வாசனைப் பொருள்கள், எனும் க. பூ ம பே ஏறவைகளுக்கு கணிசமான அளவில் ஒரு சூட்டத்தில் வரிவிதித்து அந்த நஷ்டத்தைச் சரிக்கட்டிவிட முடியும்.

“இரண்டாவதாக இப்பொழுது உணவுப்பொருள்களுக்கு விற்பனை வரி விதிக்கப்படுகிறது. உணவுப்பொருள்களின் விலை ஏற்கனவே உயர்ந்திருக்கின்றது. மேலும் விற்பனை வரிமூலம் ஒருபடி அரிசிக்கு ஒன்றரை அணுவரை உபரும், மறுபுரம் இந்த விற்பனைவரியிலிருந்து தப்பிப்பதற்காக அரிசி மறைமுகமாக விற்ப்புரை அவ்விதம் நட்பனை செய்யவதற்கான சத்தர்ப்பம் ஏற்படுகிறது. இப்பொழுது சிறிய வியாபாரிகள் இந்த விற்பனை வரியை சாமாளர்கள் வாங்கும் பொது ஜனங்களின் மிருகது வசூல் செய்ய முடியும்தான். அதற்குப் பில் அவாளுடைய வருமானம் தத்தலிருந்து கட்ட வேண்டியதாக இருக்கிறது உதாரணமாக ஒரு சிறிய பஸ்கு வியாபாரி தன் பையில் இரண்டணுவித தப்பிப் புவங்கும் ஒருவட்டம் அந்த விற்பனை வரியை அவ் வசூல் செய்ய முடியும்தான் அதைப் பால் வ எழி ட்டிலி ஒரு கப் ப்பு ப்பட்டவனிடமிருந்து அந்த வரியை வசூல் செய்து முடிவதில் அவர்களுடைய வரும் எத்தலிருந்துதான் கொடுக்கவேண்டியதாக இருக்கிறது. ஆகவே சிறிய வியாபாரிகளுக்கு இந்த வரியிலிருந்து விலக்கு அளிக்கவேண்டும். இ. பொழுது ரூ. 10,000-க்கு குறைவாக விற்பனைசெய்யும் வியாபாரி மிருந்து வரி வ விப்பதில் கொண்டு இருக்கிறது. அவ்விதம் வலலாமல் ரூ. 20,000-க்கு மேல் வியாபாரம் செய்யக்கூடியவர்களுக்கு இந்த வரியிலிருந்து விலக்கு அளிக்கவேண்டும். இவ்விதம் விலக்கு அளித்தால் பொருள் தாரத்தின் தட்டம் எப்படுமென்று யோன்றினால் ரூ. 10,000-க்கு விலிருந்து ரூ. 20,000-ம் வரையிலும் வந்ததில் வியாபாரம் செய்கின்ற ஒருவருக்கு குறைந்தபட்சம் 50 ரூபாய் விரந்து 100 ரூபாய்க்குமேல் உயராமல் நிர்ணயம் செய்து வசூல் செய்யவேண்டுமென்று சொல்லிக்கொள்ள விரும்புகிறேன்.

“சமீபத்தில் சர்க்கார் விற்பனை வரியிலிருந்து தப்பிக்கக்கூடியவர்களின் மேல் தீவிரமாக நடவடிக்கை எடுக்கப்போவதாக உத்தரவிட்டிருக்கிறார்கள். முந்திய சர்க்கார் தீவிர கொள்கை உத்தரவுப்பாட்டு அதன்படி பெரிய திராசுதாரர்கள் தப்பித் திக்கொண்ட சிறு விவசாயிகள் தண்டிக்கப்பட்ட கையில் இந்த விற்பனைவரியிலிருந்து வரியை மறைக்கவேண்டுமென்ற ஒரு சில பெரிய வியாபாரிகள் தப்பித்தாக்கொண்டு போய்விட்டார்கள். அவர்கள் மாறுகளைக்கு உதயரித்து அதிலிருந்து தப்பித்தாக்கொள்ளும் முறையை நிச்சயமாக கைப்பாடுவார்கள். அவர்கள் மறைக்கத் தர வரியை வசூலிக்கவே முடியாது. அதற்குக் குத்தப்படி அவர்கள் இப்பொழுது சற்று உயர்ந்திருக்கிறார்கள். அதனால் என்ன நடக்கிறது. சிறிய வியாபாரிகளிடமிருந்து இஷ்டப்பட்டால் வசூலிக்கிறார்கள். இதைத் தாறி மூன்று நாட்களுக்கு முடியு என்று தோடுகாச்சேர்ந்த 50 வியாபாரிகள்கூட சர்க்காருக்கு முடிகா என்று தோடுகாத்திருக்கிறார்கள். அதில் திடென்று கடைகளுக்குள் நுழைந்து ரோலில் அதிகரினைப்பேல் செய்து போடுகிறார்கள் என்றும், அவ்விதம் பல சோடனைகளையும் நடத்தியிருக்கிறார்கள் என்றும் கூறியிருக்கிறார்கள்.

“இதைத்தவிர இந்த வரியை வசூல் செய்யும் ஒரு சில அதிகாரிகள் வியாபாரிகளுக்கு அதிகப்படியான தொந்தரவு கொடுக்கிறார்கள். கணயக்குறவாக நடத்தப்படுகிறார்கள். கணக்குனைப் பார்க்காமல் பலமுறை திருப்பி அனுப்பப்படுகிறது. அவர்களை நிற்கவைத்து விசாரிக்கிறார்கள். வியாபாரி எட்டம் மரியாணைக்குறைவாக போடப்படுகிறது. இந்தக் குறைவுகளைத் தடுக்கப்படவேண்டும். இப்பொழுது நம் மாகாணத்தில் ஸ்தல அல்லது தனிப்பட்டவர்கள் பொது கரியங்களுக்கு நிதி வசூல் செய்கிறார்கள். இந்த நிதி வசூல் செய்யும் பொழுது குறிப்பாக அதிகாரிகள் தங்களுடைய அதிகார தோரணையில் நடக்கக்கூடாது என்பதே சர்க்காருடைய கொள்கை. அதாவது

[Sri V. Madanagopal]

[28th July 1952]

அதிகாரிகள் நிதிவசூல் செய்யப்போகலாம் போகும்போது அந்நேரத்தில் பாக்கிசூதா என்று சொல்லப்பட்டிருக்கிறது. அப்படிச் சொல்வது எப்படி இருக்கிறதென்றால் பூனை, 'பாலை தண்ணீராக பாவிக் வேண்டும்' என்று சொல்வதுபோல் இருக்கிறது. சாதாரணமாக இந்த வருமானவரி அதிகாரிகள் இந்த நிதிக்குக்கூட வசூல் செய்யப் போகும்போது அவர்கள் ஒவ்வொரு கடைகாரர்களிடமும் 50 ரூபாய், 100 ரூபாய்க்கு டிக்கட்டகளை எழுதக் கொடுத்ததுவிட்டு வந்திருக்கிறார்கள். அதனால் இந்த சிறிய வியாபாரிகள் மிகவும் அதாந்தரவுப்படுகிறார்கள். இதை சர்க்கார் தடுக்க வேண்டும். இந்த விஷயங்களை பரிசீலனைசெய்ய சர்க்கார் ஒரு கமிட்டியை நியமிக்கவேண்டும்."

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a.m.

* SRI V. V. RAMASAMI:—"Mr. Speaker, Sir, when an hon. Member on this side described sales tax as a monster, it was objected to by one hon. Member on the other side. But in the course of his speech, the latter said that the people who were not afraid of the Police were afraid of the Commercial Tax officers. Therefore, Sir, he subscribed to the view that the machinery of collecting sales tax is working like a monster though he tried to refute it. When sales tax was first introduced in this State, the prices of commodities were very low; during the last 10 years the prices have risen by over four times. The Government are under the impression that even though there has been a slump in trade, the income from sales tax is not falling. Sir, I would like to point out, as many hon. Members have already said, that there are many leakages and merchants who deal in various commodities have recourse to other methods of evading payment of sales tax. I, therefore, suggest that the question of levying a single-point sales tax should be seriously considered by the Government. Further, match factories and various co-operative societies are claiming total exemption from the levy of sales tax. I wish to point out that groundnut and groundnut oil are very much affected by the levy of sales tax; I understand the groundnut merchants and oil dealers have also met the Hon. Minister and presented him with a memorandum asking for exemption from the levy of sales tax and the Hon. Minister is understood to have promised consideration. I would like to suggest, Sir, that a conference of the representatives of all the Chambers of Commerce, growers, merchants and co-operative institutions may be convened by the Hon. the Chief Minister to find out the real hardships and arrive at an amicable settlement. I am sure that no one is against the levy of sales tax. What we are very anxious about is that there should be no leakages at all. If an amicable settlement is arrived at, I am sure the present income from sales tax will be considerably increased. I would, therefore, request the Hon. the Chief Minister to convene the conference as early as possible. Thank you, Sir."

SRI M. GANGAPPA:—"அத்யட்ச, நேயுதாக்கு நமசி. பச்சுநகரம் சாஸ்திர ஜில்லா விலாண்டி அநாயுதம் ஐயநகருக்கு டி.கோத் சாஸ்திரம். சாஸ்திர நேயுதாக்கு வசாயுதம் அக்டை கமீஷன் காபாஸ்திரம் ஐயநகரம் சாஸ்திரம் கமீஷன் காபாஸ்திரம். சாஸ்திர, கமீஷன் காபாஸ்திரம். சாஸ்திர, கமீஷன் காபாஸ்திரம். 1944 வ சாஸ்திரம் சாஸ்திரம் சாஸ்திரம். 1944 வ சாஸ்திரம் சாஸ்திரம் சாஸ்திரம்."

28th July 1952]

[Sri M. Gangappa]

రంజా డిపార్టుమెంట్ కమిషియర్ ట్యాక్సు ఆఫీసు డొరన్స్‌మి గౌండర్ వచ్చిన తరువాత ఈ సేల్స్ ట్యాక్సును ఇటువంటి వ్యాపారస్థులైన గూడా వేయడం ప్రారంభించేసినాడు ఈ వ్యాపారస్థులకు రెండు సదుకులు తెచ్చిస్తున్నారు. వీరి ఆధారముల ఆముక్తాని ఆ డిబ్బును రెట్రోజెక్టు, ఈ ట్యాక్సు గూడ కట్టవలసి వస్తున్నది. ఇది వారికి కాగా కష్టంగా ఉంటున్నది. ఈ విధంగా వాణిజ్య ట్యాక్సు వేస్తూ చాడవెడుతుండగా ఆ వ్యాపారస్థులు ఆ ఆఫీసుకు ఆప్టిం చేసుకొన్నారు. గవర్నమెంటుకు ఆప్టిం చేసుకొన్నామోదా వారు చెబిలో వేసుకోలేదు. తరువాత వీరు కోర్టుకు పోయినారు. కోర్టులో వీరు గెలిచినారు మూడు కోర్టులలో గూడ గెలిచినారు. వీరికి అనుకూలముగా తీర్మానం ఇవ్వబడింది. అయినప్పటికూడా ఆ కోర్టు తీర్మానాలను లెక్కచేయకుండా డిప్యూటీ కమిషనరు ఈ వ్యాపారస్థులను శౌంధర పెడుతున్నాడన్నారు. వారిపైన లేని పాస్ ప్రాసెస్సును చేస్తున్నాడనూ, వారిని హింస పెడుతున్నారని కనుక ఈ ట్యాక్సు ఇటువంటి వ్యాపారస్థులపైన లేకుండా చేయవలసి ప్రభుత్వాన్ని కోరుచున్నాను.

“తరువాత దూది వ్యాపారస్థులకు కూడా దూడిదే సేల్స్ ట్యాక్సు వేస్తున్నారు. ఇది చట్టానికి విరుద్ధము చట్టములో ఏమూడీ లేదు. దూది వ్యాపారస్థులు రైస్‌ను బిస్ కోవలసి యుంటుంది. కనుక వాడెవ్వరినీ రైస్‌ను ఫీజు వసూలు చేయవలసివచ్చే వచ్చునూని సేల్స్ ట్యాక్సు వసూలు చేయకూడదు. మరూ దూది వ్యాపారస్థులు 15% రూపాయల రైస్‌ను వ్యాపారము చేస్తున్నారు. అటువంటివారు వాడైన ప్రతి లక్ష రూపాయలకు నూరు రూపాయలు ట్యాక్సు వేస్తున్నారు. తరువాత సదుకు ఈ స్టేటునుంచి ఇంకొక స్టేటుకు పోవేటకొకటూ గూడా సూటికి ఎక్కించి అదెలు ప్రకారం ట్యాక్సు వేస్తున్నారు. ఇది న్యాయముగాదు. కనుక ఈ దూది వ్యాపారస్థులపైన కూడా ట్యాక్సు తీసివేయవలసిన ప్రాధాన్యమున్నది.

“మరొక విషయం ఏమంటే ప్రస్తుతం సేల్స్ ట్యాక్సు ఆఫీసులో ఉన్న వంటి ఆఫీసుల్లో ఎక్స్‌జెక్టివ్ డిపార్టుమెంటునుంచి సేల్స్ డిపార్టుమెంటును చిన్న వచ్చిన వంటివారు. వారికి వ్యాపారస్థుల సమాచారము ఏమీ తెలియదు కనుక అటువంటి వారిని ఈ సేల్స్ ట్యాక్సు ఆఫీసులో వేయకుండా వారిని తీసివేసి ఆకౌంట్‌ను కెప్టు పాస్ అయినవారివో లేక ఎక్జిక్యూట్ సేల్స్ ట్యాక్సు ఆఫీసుగా వేస్తే బాగుంటుందని నా అభిప్రాయము.

“తరువాత ప్రస్తుతము సేల్స్ ట్యాక్సు డిప్యూటీ కమిషనరులో, ఏ జిల్లా వారిని ఆ జిల్లాలోనే వేస్తున్నారు. దీనివల్ల డిప్యూటీ కమిషనరుల చాలా పతిపాతానికి అవకాశముంటుంది కనుక ఒక జిల్లావారిని ఇంకొక జిల్లాలో డిప్యూటీ కమిషనరుగా వేసి ఆ జిల్లావారిని ఈ జిల్లాకుగాని ఇంకొక జిల్లాకుగాని వేస్తూ ఈ విధంగా ఒక జిల్లావారిని అదే జిల్లాకు వేయకుండా చూడవలసినదీ అదే ప్రకారం ఇప్పుడున్న డిప్యూటీ కమిషనరుల మార్చవలసినదీ కోరచున్నాను. అదే జిల్లావాని ఫిన్యోగ్రాఫులుగా వేయడము వల్ల వ్యాపారస్థులకు చాలా అన్యాయము శౌంధరలు జరుగుచున్నవి. కనుక వైవిధంగా వారిని మార్చవలసినది కోరుచున్నాను. తరువాత ఈ విషయంలో వ్యాపారస్థులు మంత్రిలకు మొమరాండములు పెట్టుకొంటే గూడా మంత్రిగారు చెబిలో వేసుకోలేదని తెలుస్తున్నది. తరువాత వారు మంత్రిగారిలో ఇంటర్ ఫ్యూజుగా ను అడిగితే, దానికి కూడా బదులు ఇవ్వలేదని తెలుస్తున్నది. కనుక మంత్రిగారు ఈ విధంగా చేయకుండా, వ్యాపారస్థులకు దయ ఉంచి వారినిండి వేయవలసిన మొమరాండములు వస్తే, వాటిని విచారించి, వారికి ఇంటర్ ఫ్యూ ఇచ్చి వారియొక్క అభిప్రాయాలను తెలుసుకోవలసినది కోరుచు నుగిస్తున్నాను.”

[28th July 1952]

* SRI S. JAYARAMA REDDIYAR:—“ Mr. Speaker, Sir, I would like to say a few words about the way in which this Commercial Tax Department is functioning. We have always been complaining that there are leakages. As one hon. Member from the other side has pointed out, on account of the Government Order, that was issued recently that there must be more effective collections, the poor petty traders in the villages are harassed instead of the big merchants, including the foreigners in the City of Madras. In this connexion, I am reminded of a statement made by the Ex-Finance Minister, Mr. B. Gopala Reddi, in one of the Sales Tax Advisory Committee meetings. He said ‘ why do you worry about petty merchants? If we are vigilant in the First Line Beach, it will bring us crores of rupees; if we are able to find out the leakages in one of the transactions in the First Line Beach, we can get more money than we get in one whole district. ’ I, therefore, feel that the Hon. Minister, instead of issuing a Government Order, that there must be more effective collections of sales tax from the petty traders in the remote villages who are not able to keep proper accounts, should be more vigilant in the City of Madras itself.

“ Then, Sir, I would like to narrate some of the difficulties that are being experienced by the various classes of merchants. The hon. Member, Mr. V. V. Ramaswami, has pointed out the difficulties experienced by groundnut merchants.

12 noon “ Groundnut is the one single commodity on which purchase tax is also levied. Suppose I purchase groundnut kernel. I have to pay purchase tax. If I want to convert groundnut into oil and cakes and sell them, I have to pay sales tax. Afterwards I will have to apply for a rebate. The merchants who are trading in groundnut are put to this sort of difficulty. It is time the Government issue necessary orders to remedy the defect. I hope they would look into the matter and do the needful.

“ In season and out of season, we find the question of multi-point levy of sales tax being discussed. It seems to me that some hon. Members from the other side are also in favour of single-point levy of sales tax. I was talking to an expert in this line. He was of the view that we stood to gain if we introduced single-point levy of sales tax. In that case also, we can be sure that we could get the same amount of eighteen crores of rupees which we are now getting. Incidentally we can also effect some savings in our administration. Some of the departments could be abolished. I sincerely trust that this question of multi-point levy of sales tax *vs.* single-point levy would be thoroughly examined by the Government and a decision arrived at very soon.

“ I read in the morning newspaper that the Government of Bombay are proceeding with their multi-point levy of sales tax. Their first decision to postpone such a legislation had been temporarily suspended. But that does not matter. Our State was the father of sales tax. It was our State which, under the able leadership of the very same Chief Minister whom we are having now,

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[Sri P. S. Ramachandra Rao] [28th July 1952]

“విశాఖపట్నం జిల్లాలో జనీషనర వ్యాపారం చేస్తున్న వారివద్దనుంచి ఆమ్మకం పన్ను వసూలుచేయడంలో చాలా అన్యాయం జరుగుతోంది. ఇతర రాష్ట్రాల్లో జేన్ కంపెనీల తొలుకు విజంట్లు విశాఖపట్నం జిల్లాలో జనీషనర కొని దానిని ప్లానికంగా ఉన్న చిట్టివలస, నెల్లిమర్ల ఫ్యాక్రీలకు తమ కంపెనీల నేరుతో ఆమ్మ కున్నాయి. ఈ కంపెనీల తొలుకు headquarters ఇతర రాష్ట్రాల్లో ఉన్న కారణంచేత ఈ ఆమ్మకాలపై మన రాష్ట్రానికి భుక్యం పన్ను వసూలు చేయలేకుండా ఉన్నది. కాని వన రాష్ట్రంలోని కమీషన్ వర్తకులు చేసే వ్యాపారంపై ఆమ్మకం పన్ను విధింపబడుతోంది. అసలు వ్యాపారంచేసే ఎక్కడ లాభం సంపాదించే కలకత్తా వ్యాపారస్తులమీద పన్ను లేదు. కాని వారివారై కమీషన్ డబ్బులకు ఆశించి సరుకు కొనేవాడై హెచ్చుగా పన్ను వసూలు చేయబడుతోంది. ఉదాహరణగా ఒక వర్తకుని విషయం వివరించేస్తాను. విశాఖపట్నం జిల్లాలో ఒక కమీషన్ వ్యాపారస్తుడు పదివేల రూపాయలు కమీషన్ సంపాదించే ఆదాయంపై 22 వేల రూపాయలపన్ను విధించబడింది. ఇది చాలా అన్యాయం. హెచ్చు లాభాలు సంపాదించే ఇతర రాష్ట్రాల్లో వర్తకులపై ఆమ్మకపుపన్ను విధించి, సక్రమంగా వసూలు చేసినట్లైతే, ఉపాధిదాత్యామీద చేసేత వస్తో మీద ఆమ్మకపు పన్ను రద్దుచేసి వీడ ప్రజానీకానికి సహాయ పడవచ్చునని మనవి చేస్తున్నాను.

“అమ్మకం వన్ను వరసే పొగాకు వన్ను కూడా బీద ప్రజలపై భారంగా ఉన్నది. ఈ విషయము ఇవివరించుకూడా వ్యవహారము. మొట్టమొదట 1934 వ సంవత్సరంలో రాజగోపాలాచారిగారు పొగాకుపై వన్ను విధించారు. తరువాత దానిని కేంద్ర ప్రభుత్వం స్వాధీనం చేసుకొని ఏటీకా మన రాష్ట్రమునని కోట్లాది రూపాయలు వన్ను వసూలు చేసుకొనిపోతోంది. పొగాకువన్ను వసూలు చేసే సందర్భంలో కలెక్షన్ ఆఫీసర్ కళాక ఇబ్బందులకు గురికావించ బడుతున్నారు. Excise Inspectors కు లక్షలాది రూపాయలు లంచములుగా ఇవ్వబడిన దుర్మతి పట్టింది. ఈ ఆక్రమాలను తొలగించుటకు ప్రభుత్వం శ్రద్ధ తీసుకోవాలి. ఈనాడు పొగాకుపై వన్ను చాలా హెచ్చుగా ఉన్నది కాబట్టి ఆ వన్ను తగ్గించే ప్రయత్నము చేయవలసివదనికోరుతుంటే తిరస్కరించిన బలమునున్నాను.”

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p.m.

* SRI P. M. MUNISWAMI GOUNDER :—“ Mr. Speaker, Sir, கனம் மந்திரி அவர்களால் கொண்டுவரப்பட்ட விற்பனை வரி சம்பந்தமான மானியத்தை ஆதரித்துப் பேச விரும்புகிறேன். நம் ராஜ்யங்கமானது நல்ல முறையில் நடக்க வேண்டுமென்றால் வரியை வசூலித்ததாகக் வேண்டியிருக்கிறது. அந்த மாதிரி வசூலித்தாவதான் ராஜ்யத்தை நல்ல முறையில் நடத்தமுடியும். நம் அமாங்கம் இப்பொழுது இந்த விற்பனை வரி மூலமாகப் பல விதங்களிலும் பல முறைகளிலும் பல வழிகளிலும் இந்த வரியை வசூலித்துக் கொண்டு வருகின்றது. நம் மாகாணத்தில் இந்த மது விலக்கைக் கொண்டு வந்ததன் காரணமாகத்தான் இந்த விற்பனை வரியையும் கொண்டு வந்தார்கள். ஆனால் அது பெயரளவில் 1 ரூபாய்க்கு ரூ. 0-0-3 பை என்று ஏற்படுத்தியிருந்தாலும், பொருள்கள் பல கைகளில் மாறும்பொது ஒரே பொருளின்மீது பல தடவைகளில் வரி வாங்குவதில் அதே பொருளுக்கு இரண்டை மூன்றை வரை வசூலிக்கப்படுகிறது. என்பது தான் என் கருத்து. இவ்விதம் வரி வசூலிப்பதற்கு இடம் கிடையாது. ஆதலால் கனம் மந்திரி அவர்கள் இது விஷயத்தில் தீவிரமாக யோசித்து அதற்கு ஒரு எல்லை ஏற்படுத்த வேண்டுமென்று கேட்டுக் கொள்ளுகிறேன்.

“மேலும் எல்லா பொருள்களின் மீதும் இந்த விற்பனை வரியை விதிப்பதால் பொது மக்களின் ஒத்துழைப்பு குறைகிறது என்று சொல்வீவண்டும் கிராமங்களுக்குச் சென்றால் எங்கு பார்த்தாலும் இந்த விற்பனை வரி

28th July 1952] [Sri P. M. Muniswami Gounder]

பேச்சுதான் இருக்கிறது. மேலும் இந்த உணவுப் பொருள்களுக்கும் விற்பனை வரியைப் போடுவதால் எல்லா மக்களும் பல வழிகளிலும் குறை கூறுகிறார்கள். ஆதலால் ஒரு அளவில் உணவுப் பொருள்களுக்கும் இந்த வரியை வாங்காமல் செய்தால் ரொம்பவும் நன்றாக இருக்கும். அதனால் வற்புடைய நஷ்டத்தை சரிக்கட்ட வேறு பொருள்களின் மீது வரிபோட்டு, அதாவது ஆடம் பரமான பொருள்களின் மீது ஒரு ரூபாயிற்கு ஒரு அணு அல்லது இரண்டு அணு என்று அதிகமாக வசூலித்தால் அதைக் கொண்டு இந்தப் பஜெட்டில் குறைந்திருக்கும் தொகையையும் சரிக்கட்ட முடியும். பல நண்பர்களும் இந்த விஷயத்தைப்பற்றி நன்கு சொன்னார்கள். இருந்த போதிலும் ஆடம் பரப் பொருள்களை வாங்கித் தங்களது வாழ்க்கையை நடத்துகிறவர்கள் எந்தெந்த வழிகளில் தங்களுடைய பணத்தை செலவழிக்கிறார்கள், என்னென்ன பொருள்கள் வாங்குகிறார்கள், என்பதை கவனித்து அவைகள் மீது எந்த அளவிற்கு வரிபோடலாம் என்பதை யாசித்துப் பார்த்து விற்பனை வரி அதிகரிக்க வேண்டும். சாதாரணமாக அந்தப் பொருள்களை எடுத்து கொண்டால் அவைகளில் மோட்டார் கார், ரேடியோ, wrist watch, வாசீன் திரையங்கள், புனைப்படம் செட் போன்ற பலவிதமான சாமான்களுக்கு ரூபாய்க்கு நாலரை வரையில் வரி விதிக்கலாம். அவ்விதம் விதித்தால் பணக்காரர்களைத் தான் பாதிக்கும், எந்த விதத்திலும் ஆடம்பர வாழ்க்கையை நடத்தாத ஏழைகளை பாதிக்கப்பட மாட்டாது. ஆகவே ஆடம்பர வாழ்க்கையை நடத்துகிறவர்களுக்கு முக்யமாக போதுமான அளவில் விற்பனை வரியை போட்டால் எல்லா ஜனங்களும் மிகவும் ஆதரவுடன் வரவேற்பார்கள் என்று நம்புகிறேன்.

“இப்பொழுது விற்பனை வரியை வசூலிக்கும் அதிகாரிகள் மிகவும் கடுமையான முறையில் வரியை வசூலிக்கின்றார்கள். இது விஷயத்தில் இரண்டொரு வார்த்தைகள் சொல்ல விரும்புகிறேன். பெரிய நகரங்களில் பார்த்தால் அவர்களுடைய கஷ்டம் அவ்வளவாகத் தெரியாது. ஆனால் சாதாரணமாக சிறிய நகரங்களில் பார்த்தால் தான் அவர்களுடைய கொடுமைகள் அறியப்படுகின்றன. சிறிய கடைகளை வைத்திருப்பவர்களுக்கு சாதாரணமாக போலீஸ்காரர்களைக் கண்டால் அதிகமான பயம் இருக்கும். இந்த விற்பனை வரியை வசூலிப்பவர்கள் வருகிறார்கள் என்றால் அதை விட அதிகமாக பயமடைகிறார்கள். காரணம் அவர்கள் கேட்கும் முறையையும் எடுத்துக் கொள்ளும் நடவடிக்கையையும் கண்டால் அவர்கள் அந்தமாதிரி பயம்டுகிறார்கள். அவர்களிடம் சென்று எந்த அளவில் கடைக்கு பார்த்து வாங்க வேண்டுமோ அந்த அளவில் வாங்கினால் அவர்களுக்கு செளகரியமாக இருக்கும். அவ்விதம் செய்தால் ஜனங்கள் குறை கூறு மாட்டார்கள். ஆகவே கணம் மந்திரி அவர்கள் வரி வசூலிக்கும் அதிகாரிகளுக்கு ஒரு உத்திரவு அனுப்பி வியாபாரிகளைக் கௌரவமடைய முறையில் நடத்தி அரசாங்கக் காரியங்களை ஒழுங்காக முறைப்படி செய்து முடித்து வரி வசூலிக்கும்படி அதிகாரிகளுக்கு உத்திரவு விரப்பிக்கும்படி கேட்டுக்கொள்கிறேன்.”

* SRI T. VISWANATHAM:—“Mr. Speaker, Sir, this Demand consists of several items, and somehow or other, some of them have not been emphasized on the floor of this House. I would make a passing reference at least to the betting tax and the tobacco duties.

“Sir, some Press announcement was made some time ago that betting would be abolished, but that racing would be continued. I have no time, Sir, to argue out the matter; but from what I have heard from those who are experts in the line, not only in this State but also in other States like Mysore, Bombay and Bengal, I understand that racing without betting will be a dead thing. Therefore, the Government must make up their mind at an All-India level whether they would like to have this racing or

[Sri T. Viswanatham]

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not. It is not one of those things to which any original sin is attached; but anyway I do not propose to go into the ethics of the matter. However, in view of the difference of opinion upon this subject and in view of the certainty that racing will be a dead thing without betting, it is time for the Government to consider the matter in the light of the opinions of these experts. I hope the Government will do something in the matter."

THE HON. SRI C. RAJAGOPALACHARI:—"What is the view of the Leader of the Opposition?"

* * SRI T. VISWANATHAM:—"The Hon. the Chief Minister asks me what my view is. As I said, I am not an expert in the line; but I do know that racing is very good and that betting is very bad, and also it is a fact that racing will die without betting. Therefore, we must effect some sort of reconciliation. We are living in a material world and we cannot always impose our philosophical-ideas on every small item.

"With regard to the tobacco duties, I think our Government will put up a very strong fight with the Centre for the allotment of a larger share to this State. On that point, the public will surely be with the Government. In fact, half the tobacco grown in this country is grown in this State, and half of that half is grown in the Guntur district. From every point of view, we are entitled to a much greater share from the tobacco excise pool. I hope that the Government will put up a strong fight to get it.

"Then, Sir, I come to sales tax. After some wrangling over the matter, the previous Ministry, after three or four years, agreed to appoint a Sales Tax Appellate Tribunal. It was done more or less in response to public criticism and the criticism levelled on the floor of the House, but the thing was not done in the proper way. There were several defects; and in the end, the Minister said that the Government would after a time make a review in the light of the actual working of the Tribunal. May I submit certain considerations arising out of this? At present, the Sales Tax Appellate Tribunal is subordinate to the Revenue Department. The very purpose for which the Appellate Tribunal was started was to see that executive influence over the judicial functions of the Tribunal was removed. That was the fundamental idea. I, therefore, suggest that the Appellate Tribunal be made subordinate to the administrative and revisory control of the High Court. That would set right matters, and the confidence which the people repose in the Appellate Tribunal will then increase on that account.

"Then again, we provided for an itinerant Appellate Tribunal so that it might be really useful. It was conceived in the interests of the small assesseees; but now I understand that a rule has been passed that they cannot go about, and that the amount necessary for their itinerary has not been allowed by the Government. All assesseees, Sir, are not rich, and I submit it would serve public interests and the interests of the department itself better, to give them the necessary finance for their itinerary. After all,

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responsible people are on the Appellate Tribunal and one need not doubt that they will not be as economical in their itinerary as possible, consistent with the demands of the work entrusted to them.

“ If the Government feel that the itinerary of the three members may prove costly, I will even suggest that in small matters of fact and in the case of small assesseees, a single-member Bench may be constituted and one of the three might be sent over to different areas. These the Government might do in consultation with the Appellate Tribunal.

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“ At the time of constituting the Tribunal, we did point out that the Tribunal's powers should be wide enough to cover all cases arising under the Act but the Finance Minister at the time had some notions about it and he would not yield but now, the Hon. the Finance Minister, being a lawyer, and the Hon. the Chief Minister, being a lawyer, would, I am sure, understand that the purpose of the Tribunal will be better served if we widen its jurisdiction. At present, appeal lies only against orders under section 11; there are other cases, like compositions and cases of levy of licence fees, in which also several points of importance do arise. Composition matters are not small matters and they are the tests of the efficiency or the inefficiency of the Department. Provision must, therefore, be made widening the jurisdiction of the Tribunal.

“ I wish also to point out that the provision for dual jurisdiction is absurd. The Government and the Appellate Tribunal have got concurrent jurisdiction and at a particular stage, the assessee can choose as his forum either the department or the Government. We showed to the Hon. the Finance Minister at the time how it was absurd to have two forums, one ensuring the principle of justice and the other ensuring the principle of patronage, but the Hon. the Finance Minister then said ‘ It may be absurd but that is what we want to do.’ I hope that the present Government will think over the matter and amend the Act in this direction. Of course, possibly, the ideas of the previous Government were not fully responsive to the justice side of it and they were merely looking at it from the executive side. I do believe that, now that both the Hon. the Minister for Finance and the Hon. the Chief Minister are always having some regard for the rule of law, they will reconsider the question.

“ About the question of recruitment to the department, one hon. Member has already pointed out to the House that recruitment to this department is mostly from the Revenue and Excise departments and on account of this, much difficulty arises. There are not many people with accounting experience in the department and I understand that the administration is in the hands of people who are not experts in accounting. There are Members not on this side of the House but on the Congress side, who know how the assesseees knowing accounting are having an advantage over the departmental people who are not so well-versed. This is a matter which should be looked into by the Government and it is with

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that idea that the hon. Member, Sri V. V. Ramasami Nadar, suggested that there should be a committee to consider the several points arising from the administration of the Sales Tax Act and one of them is the question of recruitment. I will go to the extent of saying that the staff of the department must be recruited entirely from those who have passed very high accounting examinations. Then only they will be able to meet the intelligence of the assesseees and the intricacies that may arise from time to time. We are dealing with one of the cleverest set of people, people more intelligent than many of us. They are paying us crores of rupees and it is a duty cast upon the Government to see that they do not harass the people and it is a duty equally cast upon them to have officials who know the matter. People who know the matter will not harass because the harassment is due to and is often the result of incompetence and, therefore, they want to cover up their weakness by harassment."

SRI S. RAMASWAMY NAIDU:—"Mr. Speaker, Sir, may I remind the hon. Member that the accounts are written up by people who do not know the A.B.C. of the English language and much less of accounts?"

* SRI T. VISWANATHAM:—"I am not referring to the very small persons who do not know how to write accounts but I am referring to people, about whom an hon. Member of the House said that if the Hon. the Finance Minister had under him a staff better manned, we would be able to get Rs. 5 crores or more from people in the First Line Beach. They are very intelligent, more intelligent than all of us and so, we must have our Commissioner, Deputy Commissioner and even the Board of Revenue Member who will be in charge of the department with even a higher knowledge in accounts in order to pull up the departmental people and the assesseees. So, I feel that the Government will be well-advised to convene a conference. In that conference, they can also consider the question of multi-point taxation."

"I think the Hon. the Chief Minister is wedded to the principle of multi-point sales tax now as he was at the time when he introduced the original Bill. The relative merits of the single point taxation and the multi-point taxation were hotly discussed and even now we have got on the list one or two items which are liable only for a single point levy. However good and just he may be, it is good to have the opinions of others so that he may reconsider the matter instead of giving a final verdict upon it. The example of the Bombay Government should not induce us to come to the conclusion that multi-point taxation is good. It may be good from the Government's point of view but it must also be good from the point of view of assesseees; to assesseees who number lakhs and thousands, the multi-point tax is a source of harassment. One hon. Member called it a monster. That word has not only come from this side but from the other side also, from Members

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sitting on the Ministerialist side. I do not know what the Hon. the Chief Minister thinks about that. I feel it is time to consider the matter afresh.

"I do not know what kind of report the Sales Tax Appellate Tribunal have submitted to the Government. I wish to know whether the Administration Report will be placed on the table of the House. I ask the Hon. the Minister in charge of the department to place the Administration Report on the table of the House; it will be of very great help not only to the Government but also to the Members and the assesseees. After all, all are interested in the clean enforcement of the Act; we want cleanliness not only on the part of the assesseees but there should be the same standard of cleanliness in the matter of assessing and enforcing the Act.

"Then, Sir, about the commission agents. I feel, Sir, that the Act should be amended and the term 'Commission Agent' should be properly defined. I know that, in regard to this matter, there are two judgments; one was in 1950. Another case is in 1952; and a Full Bench decision has been given and the judgment extended the definition of 'commission agent' but specifically said that the Bellary case stood on a different footing and that the case had not been overruled. But I understand that the Board of Revenue did not read the judgment correctly and have issued instructions to the effect that the Full Bench judgment has overruled the previous judgment. I have myself gone through the Full Bench case and I am sure it has not overruled the previous case and it is for the Government to amend the definition in the light of those two judgments.

"Sir, I am coming to the most important portion of this discussion, namely, the removal of the sales tax on foodstuffs. It is a very necessary thing. Throughout the State, people are demanding it. When meetings are addressed by the Hon. the Chief Minister and thousands gather, let him not assume that they are supporting everything that is on the Statute Book. I know he is experienced enough not to make such a mistake. The people are dead against it. (Interruption.) The Hon. the Chief Minister knows that the people are against it. Then let him not persist in it."

12-30
p.m.

THE HON. SRI C. RAJAGOPALACHARI:—"People are against all taxation."

* SRI T. VISWANATHAM:—"The Hon. the Chief Minister cannot lightly say that the people are against all kinds of taxation. We, on this side of the House, never said that we were opposed to any form of taxation. Nobody will say so. We know the responsibility of the Government but we also know the difficulties of the people. When we make a representation, it should not be treated in a nonchalant manner that people do not relish any taxation. That is not the way of looking at it. Then, there is also the humanitarian point of view. Therefore, the first step in the consideration of the matter is to accept what the hon. Member, Sri Vinayakam, said while moving his Cut Motion. If the

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Government are really sincere and serious in their statements of giving relief to the poor people, it would be their bounden duty to cancel sales tax on essential foodstuffs. Even the Central Government have passed legislation—I do not know whether this Government have received it—exempting all essential articles in the life of the community from sales tax. (Interruption from the Treasury Benches: ‘The Central Government do not care.’) If the Central Government do not care nobody cares. Only the Madras Government care for the interests of the poor! I am surprised to hear such a statement. I say, if the Government are serious about the interests of the poor and the lower middle classes, let them cancel sales tax on foodstuffs.

“Then, it may be said, ‘Already our income is low and, if we exempt foodstuffs from the sales tax, our income will be further reduced.’ I may submit, whether our income is low or not, it is the moral duty of this Government to cancel sales tax on all essential foodstuffs. As a matter of fact, I am sure that the total income under sales tax will not be reduced even if the Government cancel sales tax on foodstuffs. Now I come to figures. In 1950-51, the Government collected Rs. 16 crores and 26 lakhs. In the Budget Estimate for 1951-52, it was foreseen that we would get Rs. 15 crores and 48 lakhs. But actually the preliminary accounts given in June 1952 showed that we got Rs. 30 lakhs more, that is, Rs. 15 crores and 78 lakhs. What then is the justification to foresee a lesser figure for 1952-53? There is no reason to bring down the figure to Rs. 14 crores and 83 lakhs. While the Hon. the Minister for Finance said that he could foresee only Rs. 14 crores and 50 lakhs, the Hon. Minister who moved this Demand said that this ‘*Kamadhenu*’ would yield anything between Rs. 16 crores and Rs. 18 crores. The fact is, there are, I think, two sets of files circulating in the Secretariat—one file showing roughly the anticipated income at Rs. 16 crores to Rs. 18 crores and another, prepared for reinforcing their case for fresh taxation showing only Rs. 14 crores and 50 lakhs. I submit that this is not the correct way of doing things. Rupees 16 crores or Rs. 18 crores is nothing and the Government can increase the yield from this tax if they adopt some of the measures suggested by some hon. Members. There is plenty of leakage in the working of this Act. I suggest that the Government should change a good deal of the personnel of this department and put in their places those who know accounting. If the Government weed out those whose palms are itching, the Government will get nearly Rs. 20 crores. This view is shared by persons who are appearing before the Sales Tax Appellate Tribunal on behalf of the assesseees. Some of the officers who were hearing these cases also told me the same thing. Therefore, let the Government not take the view that less income from sales tax is to be anticipated this year or that they are likely to lose substantially if they cancel sales tax on foodstuffs. It is absolutely necessary that there should be no sales tax on foodstuffs, whatever might happen to the income of the Government. At the same

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time, I may tell the Government that if they really reorganize the entire department and put it in the hands of efficient men, they can increase the income. It cannot be done by merely issuing a Government Order to the concerned authorities that they want more money, thus giving an inducement to the petty officials to harass petty merchants. The Hon. Minister said that he would get Rs. 16 to 18 crores from this '*Kamadhenu*.' I thought that the word '*Kamadhenu*'—that kind of picturesque language—disappeared along with the previous Finance Minister but the present Minister in charge of this Demand has taken over the mantle and he has also used the term '*Kamadhenu*.' If it is so nice a language, does the Hon. Minister know that he has engaged very bad milkmen to carry the milk? His milkmen are not all honest. The present system of recruiting personnel to this department should be changed and more efficient and competent persons who know accounting should be appointed. If my suggestions are accepted, the income from sales tax will be increased and there will be no need for the fresh taxation measures which the Government have got under contemplation. I hope my suggestions will be considered in the spirit in which I have made them. I once more repeat that sales tax on foodstuffs, handloom cloth, yarn supplied to handlooms, and such other essential things, which are necessary for the poor and lower middle class people, should be cancelled. If they do not cancel it, this Government will lose the sympathy of the vast majority of the people in this State once for all. Unless the Government say that they are willing to cancel sales tax on essential foodstuffs, the Cut Motion will be pressed. If they do not accept it now, they will have to pay for it in the near future."

* THE HON. SRI S. B. P. PATTABHI RAMA RAO—"Mr. Speaker, Sir, I am really thankful to the House for the very impassioned manner in which the criticisms, levelled against the administration of the departments for which I moved the Demand, have been made. On the whole, eighteen hon. Members spoke on the Demand. Although hon. Members who took part have expressed their views on several points which they considered unsatisfactory in the administration mainly of the Sales Tax Act, I am confident that they and the entire House appreciate the importance of the Demand, the necessity for passing it and for rejecting the Cut Motion. Hon. Members referred to various aspects in the administration of the Sales Tax Act and I can assure them all that very deep consideration is being given to their suggestions.

"As a matter of fact, considering the income of this department, I should think the expenditure is very little or negligible.

"The hon. the Leader of the Opposition, Mr. Viswanatham, has given some really constructive suggestions and I am thankful to him. But, at the same time, in his usual style he said that '*Kamadhenu*' required good milkmen. As far as my knowledge goes, I may inform him that '*Kamadhenu*' requires no milkman to milk. Milk from '*Kamadhenu*' comes of its own accord. That is my view."

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SRI T. VISWANATHAM:—"There are men who steal away the milk."

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p.m.

* THE HON. SRI S. B. P. PATTABHI RAMA RAO:—"If there are milkmen who are trying to steal away milk, there are impartial observers outside who are looking at them. So, if great injustice is being done, it is the duty of the department to see that the defects are rectified. I tell the hon. Gentleman that concrete cases may be brought to our notice. And then, I say, on behalf of our Government, that all proper precautions will be taken. If there are defects, they will be rectified. As far as my knowledge goes, in the few months that I have been in office, I see that the department is really doing its best to collect as much tax as possible. But if there are hard cases, and if they are brought to my notice, I shall look into them. Government will see that severe punishment is given to those officers, if there are lapses on their part."

Then, Sir, the hon. the Leader of the Opposition, Mr. T. Viswanatham, said that proper and duly qualified officers should be appointed to the Sales Tax department. At present, Sir, officers are not recruited to this department from all departments at random, but from the Excise and Revenue departments. Persons in the Sales Tax department are also being promoted, for they are persons who have had some experience of the working of the department. Those who have knowledge of banking, book-keeping and accountancy and have had training and passed the examinations held by the Institute of Chartered Accountants are recruited. As regards the other suggestions coming from the Leader of the Opposition, we shall give them due weight. I am thankful to him for the suggestions he has made regarding the Sales Tax Appellate Tribunal. But he has made an allegation that that Tribunal as it is constituted to-day is a body subordinate to the Board of Revenue. I emphatically repudiate that charge. It is not so; it is not a body subordinate to the Board of Revenue. On the other hand, it is an independent body; it is an independent judicial body; it is independent in every respect. Only the staff, such as the clerical staff, is recruited by the Board of Revenue. On the judicial side, the Tribunal is a completely independent body. So, Sir, I may assure the Leader of the Opposition once again that it is not a subordinate body in the strict sense of that word."

SRI T. VISWANATHAM:—"So in some sense it is subordinate." (Laughter.)

THE HON. SRI S. B. P. PATTABHI RAMA RAO:—"No, it is not so; it is not so in the judicial sphere, though the Revenue Board is assisting it by means of a clerical staff on the administrative side."

SRI T. VISWANATHAM:—"That shows it is subordinate."

THE HON. SRI S. B. P. PATTABHI RAMA RAO:—"It is not subordinate."

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SRI T. VISWANATHAM :—“ Has not the Board of Revenue control over the staff and over the preferment of the Members of the Tribunal? ”

* **THE HON. SRI S. B. P. PATTABHI RAMA RAO** :—“ If the High Court sends to Government proposals for sanction of their staff, does it mean that the High Court is a body subordinate to Government? ”

SRI T. VISWANATHAM :—“ The Hon. Minister has not understood me. Has not the Board of Revenue power over the preferments of the staff and the Members of the Tribunal? ”

* **THE HON. SRI S. B. P. PATTABHI RAMA RAO** :—“ No, Sir. We asked the High Court to suggest the name of a senior District Judge for the post of the Chairman of the Tribunal. A name was suggested by the High Court, and we accepted it as long as there was nothing wrong with the officer whose name was so suggested. The other Member of the Tribunal is a Chartered Accountant selected by the Public Service Commission. He is duly qualified in accountancy and auditing. The third Member is a senior officer of the Sales Tax department, one who has the best knowledge of the working of the department and whose services have been lent to the Tribunal. Does the hon. Leader of the Opposition suggest that such a body would be subordinate to the Board of Revenue? I may tell him once for all that it is not a body subordinate to the Board of Revenue, in any sense.

“ Now, as to the functioning of the Tribunal, I accept there are some defects in the Act for the sitting of the Single Member Tribunal. The existing Act does not provide for this. We shall shortly examine this and come forward with amendments to the Act in the light of the very reasonable suggestions made by the Leader of the Opposition. As regards the Tribunal touring round the State, we thought in the beginning it should for some time hold its sittings only in Madras, it being a central place, and in future if circumstances demanded, it might go round the State holding its sitting in important centres.

“ Then, Sir, as regards the charge levelled against the Government of Madras that they have given over the tax on tobacco to the Central Government, I wish to state that under Article 286 (1) and (2) of the Constitution, exports have ceased to be taxable by the State Government and consequently the Government of India wanted to reduce the compensation. After a vigorous stand by this Government, the Government of India dropped the question and agreed to the present sum of Rs. 56 lakhs per annum till 1959. The question of asking for a larger compensation is engaging the attention of the department, and the Board of Revenue has been asked for fuller data, preliminary to addressing the Government of India. The Board of Revenue is examining it and we shall be only too glad if the Government of India accept it. We are trying to put up a stiff fight on that.

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“The hon. Member, Mr. Vinayakam, who moved the cut motion, has laid great emphasis on the levy of sales tax on foodstuffs. Sir, this question, which has been examined by the Government, time and again, has been referred to in the speeches of not only the Mover of the Cut Motion but also by many of the other hon. Members who followed him. Hon. Members will appreciate that in a Welfare State, where needs are growing, we can hardly afford to surrender any source of revenue that we are having now. If we were to do so indiscriminately, many of our nation-building projects would have to be abandoned and our finances would be crippled. Members on the Opposition Benches have themselves too considered the sales tax as ‘*Kamadhenu*’, and if we were to accept the suggestion that sales tax on all foodstuffs should be abolished, it would be chopping off one of the legs of the ‘*Kamadhenu*.’ The hon. the Leader of the Opposition, Mr. Viswanatham, and others said that I should not have used the word ‘*Kamadhenu*’ simply because the previous Government used that term. Still, they know this is the only flexible source and an important source too of our revenue. So, we cannot afford to give much concession in respect of this tax. If at this stage we lift the levy of sales tax on foodstuffs, we would lose, on the last year’s basis, Rs. 3.63 crores. That is a considerable sum when we remember that we have a deficit Budget for this year. As it is, there is a deficit in Budget to an extent of Rs. 4 crores; and if this concession were also to be shown, the gulf would be wider and we would have to resort to further additional taxation and that will be hitting the poor man more and more. So, I hope the House will appreciate that we cannot really afford to throw this sum away. I request the hon. the Leader of the Opposition, Mr. Viswanatham, and others not to press for the lifting of sales tax on foodstuffs.

“Then, Sir, the Act provides for the exemption of the agriculturist himself from the payment of any sales tax. So, no charge can be made that the agriculturist has to pay a tax in addition to the land revenue which he has already paid. It is only the dealer who is actually taxed. When an agriculturist sells his paddy or other grain or, for the matter of that, any agricultural produce, that sale is exempt from taxation, and the incidence of tax falls for the first time only when the dealer sells it to the next merchant or consumer. The Government have repeatedly examined this aspect and it has been found that no hardship whatsoever is caused to the agriculturist and that, therefore, there would be no justification for exempting foodstuffs from the levy of sales tax.

“From the constitutional aspect of the question too, tax on foodstuffs is justified because, while the Constitution [Article 286 (3)] specifies a ban on the levy of any tax on essential articles, it does not prohibit the levy of the tax, where it was in existence prior to the coming into force of the Constitution. Our State has been levying this tax since 1939, ever since the inception of the levy of sales tax.

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"In this connection, I would also like to say a word in respect of another oft-repeated request, namely, the abolition of the sales tax on vegetables which has been stressed by the hon. Gentleman, Sri K. Vinayakam. As a matter of fact, Sir, I may mention, the Government have appreciated the fact that these articles are liable to rapid deterioration and they have, therefore, imposed on them a concessional rate of tax instead of the usual rates. In the case of these commodities, the tax leviable is at the rate of Rs. 96 per annum in the case of turnover not exceeding Rs. 15,000 and Rs. 144 in the case of turnover exceeding Rs. 15,000 but not exceeding Rs. 20,000. Concessions cannot be given on a general scale for every commodity; however, every individual case is being examined and where there is real hardship and necessity, the Government are certainly considering it with a human touch.

12-0
p.m.

"The hon. Gentleman, Sri K. Vinayakam, also referred to the tax on hotels and pleaded for its abolition on the ground that the small hotels in the mufassal found it a great hardship to pay their dues. I am afraid that the hon. gentleman has not got much knowledge of the running of hotels and the percentage of profit that is recognized as normal in the catering business."

SRI K. VINAYAKAM:—"Sir, on a point of order. The Hon. Minister is not aware of the fact that I am a caterer by profession and the Hon. Minister alleges that I have no experience in catering! I am myself depending upon the catering profession. Probably, the Hon. Minister has no experience of it."

* THE HON. SRI S. B. P. PATTABHI RAMA RAO:—"Sir, I confess I did not know that he is a caterer but, I can assure the House of one thing, namely, that the figures we have in the department show definitely that this catering business is very profitable. It has been estimated by a close study of the hotel business, that, under normal circumstances, it yields a profit of about fifty per cent. A tax of three pies per rupee on these hotels would not surely be a hardship. I am sure, Sir, that this much at least should be levied to meet the needs of a Welfare State. If, at all, it does harm, it goes only to the extent of lessening a portion of the profits but certainly not to the extent of its being felt as a big hardship.

"Reference has also been made, Sir, to the fact that newspapers have been exempted from sales tax. I think, Sir, the hon. Gentleman, Sri K. Vinayakam, knows that it is due to an Act of the Central Government and not due to an Act of this Government. We have no control over that.

"I am grateful to hon. Gentleman, Sri K. Vinayakam and others for the suggestion that they have made that luxury articles like motor vehicles, radio sets, etc., should be subjected to a higher rate of tax. I may inform the House that, as things are to-day, they are already subjected to a higher rate of tax and, if we levy a still higher tax on them, the income from sales may

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be affected this way that we in our turn may lose our tax in proportion to the fall in the turnover. I feel that all that is possible has already been done. However, we will re-examine the suggestion in view of what the hon. Members have said, and see whether we can try to get something more from this source.

“Sir, the hon. Member, Mr. Arogyasami, referred in his speech, to the desirability of levying sales tax at a single point and pleaded that our multiple point system affected the merchants considerably and led to a lot of evasion. Sir, as a matter of fact, this point regarding the conversion of the multi-point taxation to single point taxation has been stressed by the Leader of the Opposition as well as others. We were the first to introduce sales tax in the year 1938 and other States have followed our example making modifications to suit their local conditions. Some of them preferred to have a single point system but the indications are that most of them are trying to copy our system of multiple point taxation, because they have realized that our system is better than theirs. The latest in this list is the Bombay Government who are trying to follow our example of multiple point taxation.”

SRI T. VISWANATHAM:—“The Government of Bombay have dropped it.”

* THE HON. SRI S. B. P. PATTABHI RAMA RAO:—“I do not think they have dropped it. Perhaps they have only deferred the question and, I am sure, a decision will be taken by that Government very shortly. However, the very idea of the Bombay Government trying to convert their single point taxation to multiple point taxation is a point in favour of the system existing here because our system seems to be yielding better revenue. In my opinion, it will be a retrograde step to adopt the single point system for there is likely to be a considerable loss of revenue and we certainly cannot afford to lose any revenue at this juncture. The object with which the other States are copying our system is for increasing their revenue.

“My hon. Friend, Sri S. Ramaswamy Naidu, also referred to this question, and all that I can say is that, if we are to safeguard our revenues, we must stick up to our present system for some time to come at least. He also made a plea on behalf of a particular industry, namely, the match industry in the southern region at Madurai and Coimbatore. My hon. Friend, Sri Jayarama Reddiar, also stressed the point that the match industry should be given some special consideration as it was a cottage industry. A deputation came and waited on me recently in this connexion. We are considering this question and we have asked the deputationists to send us some concrete proposals whereby the State may not lose its income in trying to change the present system of taxation. We have not yet received their proposals. They will be carefully considered by the Government on receipt. It is not the intention of the Government to cause any hardship to anyone, and the cottage industries particularly.

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"The hon. Member from Coimbatore, Sri Mounaguruswamy Naidu, while agreeing that on the whole, sales tax is equitable, has pointed out that certain defects in the administration are causing hardship. I am grateful to him for the information that some of the merchants are adopting the system of maintaining double sets of accounts and that sales are taking place without receipts being issued. I can assure him that the departmental officers are constantly on the alert and that such practices are dealt with sternly when detected. I would request the hon. Member, Sri Mounaguruswamy Naidu and other hon. Members to bring such cases to the notice of Government and the Government will certainly take advantage of it and see that such things are put an end to in the future. The assessment of the dealers by the officers of the Commercial Taxes department to the best of their judgment is reported to be a great hardship. But, I should like to remind hon. Members that such assessments are made only when the dealer fails to maintain accounts or when he submits incomplete or false returns. In such cases there is no other way of assessing dealers. Instructions will, however, be issued to the officers to have more of the human touch in making these assessments. The Sales Tax Appellate Tribunal look to the appeals made by the assesseees and this judicial Tribunal will meet out justice even, if by any chance, there was hardship felt at lower levels from the officers concerned.

"In regard to handloom cloth, the question has already been examined in great detail and a concessional rate has already been fixed in respect of it, namely, one and a half pies in the rupee. As a matter of fact, Sir, there is no tax at all in the case of Khadi. I think, Sir, that this is the best that could be done for the handloom cloth in the circumstances.

"The hon. Member from Malabar, Sri Kunhirama Kurup, made a plea in respect of the exemption from the entertainments tax of dance dramas like Kathakali. I might mention in this connexion that Government have issued orders that dance dramas, which also include Kathakali, be exempted from entertainments tax provided they are conducted by registered musical sabhas and similar other associations, for a period of two years from 1st November 1951.

"I am thankful, Sir, to the hon. Member, Mr. Seethi Sahib, for his very good suggestions. He rightly pointed out that this tax was necessary and that the administration of this tax was quite satisfactory though there were some defects. He wanted that the fish-curers must be exempted from this tax and that some hardship was felt by the fish-curers. I would like to inform the hon. Member that if any specific instances are brought to my notice and, if there is a real case for such exemption, the Government will take a liberal view in the case of these poor men who are dealing in fish. As a matter of fact, I might inform the hon. Member that when representations were brought to the notice of the Government, we ordered that fish caught by Rompeni nets be

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exempted from sales tax. In my opinion, similar concessions can be given in case there is real hardship felt in any particular place where poor fishermen experience any difficulty.

1 p.m. " I have received a petition from Malabar on this matter and I have referred it to the Board of Revenue and the Director of Fisheries for their remarks. On receipt of their remarks, I will go into the matter and if really there is any need to relieve the hardships of the poor fishermen, I may assure the hon. Member, Mr. Seethi Sahib, that proper instructions will be given in this regard.

" My hon. Friend, Mr. Chinnathambi Thevar, has supported the Demand and has rightly pointed out that it is a suicidal policy to abolish the general sales tax. He thinks that sales tax is more reasonable than even the land revenue. I am glad that the hon. Member has taken a correct view of the matter because sales tax is the main source of revenue in the State to-day. Government will take every possible care to see that all defects in the Sales Tax Administration are rectified.

" My good old Friend, Mr. V. V. Ramasami, prefers single point taxation to our present system of multiple point taxation to avoid leakages in the collection of this tax. He wants the present method of multiple point taxation to be abolished. I have already explained the view of the Government that it is not possible to have a change now because any loss of revenue from this tax at this stage to our State will throw a great burden on the poor man. Mr. V. V. Ramasami thinks that the Government may get the same amount of tax as they are getting now by turning to single point taxation. Particularly now, when Bombay and other States are trying to change over to multiple point taxation from single point taxation, and when we are experiencing financial stringency in our State, we cannot afford to take a risk in this matter by changing over to this single point taxation.

" Then, Sir, the hon. Member, Mr. Gangappa, made some suggestions about commission agents and also explained some of the hardships felt by them. I have also received a petition in this connexion and the Government are examining it. The Government will look into this matter, relieve hardships, if any, and correct any mistakes in the administrative set-up.

" I am thankful to the hon. the Leader of the Opposition, Mr. Viswanatham, for his views on the betting tax. He suggests that there must be a reconciliation between racing and betting though he does not tell us how it could be made. If racing is to continue and betting is considered bad, I do not know whether he means that we should close our eyes to what is happening. All the same, we shall consider all the suggestions he has made. This source of revenue is substantial and the Government will also take that into consideration before they come to any final decision.

" Mr. Speaker, Sir, I have covered the main points and criticisms that have been levelled against the administration of the Sales Tax Act. Sales tax is the main source of revenue and ali

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possible care is being taken to rectify the defects in the administration of the tax. Compared to the revenue derived from the tax, this Demand for expenditure is very small. If I have given convincing arguments and assurances for the future, I would request the hon. Mover of the cut motion to withdraw the cut motion and support the Demand and pass it."

SRI K. VINAYAKAM:—"Without meaning any offence to the Cabinet, and in view of the unsatisfactory response from the Cabinet including the Father of the Sales Tax to my request of waiving the tax on foodstuffs, I see no reason why I should withdraw the cut motion."

MR. SPEAKER:—"I am now going to put the cut motion standing in the name of the hon. Member Sri K. Vinayakam to the vote of the House. The question is—

'That the allotment of Rs. 1,55,43,000 for General Sales Tax and Other Taxes and Duties be reduced by Rs. 100.' "

The cut motion was lost.

MR. SPEAKER:—"I shall now put the Demand to the vote of the House. The question is—

'That the Government be granted a sum not exceeding Rs. 1,55,43,000 under Demand VII—General Sales Tax and Other Taxes and Duties.' "

The Demand was carried and the Grant was made.

(2) DEMAND XX—CO-OPERATION.

* THE HON. SRI D. SANJIVAYYA:—"Mr. Speaker, Sir, on the recommendation of His Excellency the Governor, I move—

'That the Government be granted a sum not exceeding Rs. 77,81,200 under Demand XX—Co-operation.'

"While moving this Demand, Sir, it is my duty to inform the House that this Demand covers the expenditure on five items. The first item is the salaries of the Registrar of Co-operative Societies, Joint Registrars, the Personal Assistant to the Registrar and the staff under them. The second item is the salaries of the staff employed for the work of auditing, supervision, liquidation and execution. The third item—a very interesting item—is for the ameliorative work in connexion with Prohibition. The fourth item relates to expenditure on Post-war Welfare Schemes like the Fishermen Welfare Scheme and the establishment of co-operative workshops for ex-army personnel. The fifth item relates to grants and subsidies to be given by Government to deserving co-operative societies. I have stated these because I want that hon. Members of this House while levelling criticisms should confine themselves to these items only and not to any other item. There is a likelihood of Members committing the mistake of thinking that house-building co-operative societies come under this Demand. It comes under Demand XLII probably to be moved by my Colleague the Hon. the Finance Minister.